



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
5 POST OFFICE SQUARE, SUITE 100
BOSTON, MA 02109

DATE: OCTOBER 3, 2016

PREPARED BY: SA [REDACTED]

CASE #: OI-AR-2011-CFR-2780

CROSS REFERENCE #: N/A

TITLE: THE METROPOLITAN DISTRICT (MDC)

CASE CLOSING REPORT

Subject(s)	Location	Other Data
MDC	HARTFORD, CT	N/A

VIOLATION:

Title 18 U.S.C § 666

Theft or Bribery concerning programs receiving Federal funds.

ALLEGATION:

On February 2, 2011, the U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), Office of Investigations (OI), Washington Field Office (WFO), received OIG hotline complaint number 2011-0066. This complaint indicated the Federal Bureau of Investigation (FBI), New Haven, Connecticut, was looking into violations by The Metropolitan District (MDC), 555 Main Street, PO Box 800, Hartford, CT 06142-0800 which may involve large financial fraud to include EPA funds.

FINDINGS:

The MDC was engaged in a \$2.1 billion clean water project which included \$56 million in EPA grant funds with the remaining funded by other Federal grants, loans, customers' water bills and tax levies on seven surrounding communities.

The EPA OIG joined the FBI investigation to determine if any EPA funds had been misused. Specifically, the EPA OIG investigation centered on whether EPA funds had been misused regarding purchases for equipment unrelated to EPA funded projects. The investigation was unable to identify any federal funds going towards those purchases.

An additional allegation investigated was that of a potential conflict of interest which involved an employee of MDC who worked for [REDACTED] prior to joining MDC and then subsequently [REDACTED].

DISPOSITION:

Due to multiple sources of funding it was undetermined if EPA funding was associated with the allegations. In addition, the facts of this case were presented to Assistant US Attorney, Sarah Karwan, United States Attorney's Office, District of Connecticut for consideration; to which they declined criminal prosecution.

On May 20, 2016, OI referred the matter to the EPA OIG Office of Audit for further analysis. As such, this case is being closed at this time. The matter may be reopened upon receipt of new evidence or information to the contrary.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

DATE: NOVEMBER 17, 2014

PREPARED BY:

CASE #: OI-AR-2014-ADM-0035

CROSS REFERENCE #:

TITLE: [REDACTED], CRIMINAL INVESTIGATOR, CRIMINAL
INVESTIGATIONS DIVISION, EPA

CASE CLOSING REPORT

Subject(s)	Location	Other Data
[REDACTED]	[REDACTED] [REDACTED]	

VIOLATIONS: EPA's Appendix-Guidance on Corrective Discipline, EPA ORDER 3120.1(1) – Attendance related offenses

ALLEGATIONS: Special Agent (SA) [REDACTED], [REDACTED], [REDACTED], engaged in unauthorized outside work employment; and, SA [REDACTED] engaged in time and attendance fraud by manipulating leave forms.

FINDINGS: The investigation found both the foregoing allegations to be unsupported. First, concerning the issue of outside work employment, the facts indicate Special Agent [REDACTED] took appropriate action. This included obtaining the appropriate authorization to conduct outside work from [REDACTED] supervisor and disclosing this business activity on [REDACTED] confidential financial disclosure report (OGE-450). Ultimately, Special Agent [REDACTED] stopped [REDACTED] not long after [REDACTED] began it [REDACTED]

Second, concerning the allegation that Special Agent [REDACTED] engaged in time and attendance fraud by manipulating leave or flexiplace forms or had others do so, there are no facts supporting this allegation. Special Agent [REDACTED] was questioned as to whether [REDACTED] had ever replaced leave with regular time, or altered flexiplace forms, for [REDACTED] or any employee, in order to put in for time which was not actually worked. Special Agent [REDACTED] response was a vehement "No." [REDACTED] explained that if fact [REDACTED] has worked during leave, [REDACTED] worked from [REDACTED], and has lost use or lose. Further, with regard to [REDACTED] replacing leave with regular time for employees, Special Agent [REDACTED] stated [REDACTED] had not and further, that [REDACTED] does not have the ability to go into Peopleplus to approve or change time.

DISPOSITION: All allegations unsupported. Close case with no further action.



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**

DATE: March 16, 2016

PREPARED BY: [REDACTED]

CASE #: OI-AT-2015-ADM-0062

CROSS REFERENCE #:

TITLE: [REDACTED], [REDACTED], [REDACTED]
[REDACTED], EPA REGION 4, ATLANTA, GA

CASE CLOSING REPORT

Subject(s)	Location	Other Data
[REDACTED]	EPA Region 4 [REDACTED] 61 Forsyth Street Atlanta, GA 30303	[REDACTED]

VIOLATIONS:

18 U.S.C. §1905 – Disclosure of confidential information generally

40 CFR §2.211 – Safeguarding of Business Information

EPA Policy 2155.3 – Records Management Policy

EPA Region 4, Regional Directive: R4 2160.4 – Procedures for Handling Confidential Business Information (CBI)

ALLEGATIONS:

[REDACTED] released, without authorization, CBI belonging to [REDACTED]
[REDACTED]

FINDINGS:

On [REDACTED] 2015, pursuant to an official request for information, the U.S. Army Corps of Engineers (COE) provided EPA with confidential business information (CBI) information, via email, related to its (COE) [REDACTED] dredging project. The information was provided in the form of a letter [REDACTED] to COE dated [REDACTED]/2015 and partially titled "... [REDACTED] (Phase 3)...Disposal of Excavated Material and Data Reporting Concern." The footer on each page of the [REDACTED] letter clearly identified the information contained in the document as CBI. In addition, the COE included a cover letter for the document which directed EPA not to release the [REDACTED] information outside EPA without the consent of [REDACTED]. The COE correspondence was directed

to [REDACTED], [REDACTED] EPA Region 4, Atlanta, GA. [REDACTED] forwarded the information to parties within EPA Region 4, to include [REDACTED].

On [REDACTED] 2015, pursuant to a verbal request, [REDACTED] several documents to the Florida Department of Environmental Protection (DEP) related to the [REDACTED] dredging project. Included in these documents were the previously described CBI.

Evidence obtained during the EPA-OIG investigation supported a conclusion that [REDACTED] failed to comply with regulations and procedures related to the handling of CBI by releasing, without authorization, CBI obtained under the regulatory authority of EPA, to DEP. This unauthorized release resulted in the CBI being placed on DEP's publicly accessible website as well as the direct release of the CBI by DEP to an environmental organization under the State of Florida "Sunshine Law." [REDACTED] activities related to the [REDACTED] dredging project.

During EPA-OIG interview, [REDACTED] admitted to intentionally releasing the [REDACTED] information to the Florida Department of Environmental Protection (DEP), but denied any knowledge that the information was classified as CBI. When confronted with the fact that every page of the [REDACTED] document was clearly identified as CBI, [REDACTED] reported that [REDACTED] "didn't appreciate the importance" of the [REDACTED] notifications and assumed [REDACTED] release was justified because DEP was another regulatory agency.

DISPOSITION:

The result of this investigation was presented to AUSA Alana Black, Northern District of Georgia, for prosecutorial consideration. Criminal prosecution of [REDACTED] related to the disclosure of CBI (18 USC 1905) was declined. (b) (5) [REDACTED]

This investigation was then referred to Region 4 officials for review and administrative action deemed appropriate. As a result of the EPA-OIG investigation, [REDACTED] was issued a letter of warning for policy violation related to the mishandling of CBI. Additionally, [REDACTED] was directed to review the EPA policy related to the handling of CBI as well as complete a formalized training course related to this subject.

This concluded all pending actions and this investigation will be closed.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1301 CONSTITUTION AVENUE, NW
WASHINGTON DC 20004

DATE: JUNE 3, 2016

PREPARED BY: SA [REDACTED]

CASE #: OI-HQ-2014-ADM-0007

CROSS REFERENCE #: 2013-212

TITLE: [REDACTED]; CHEMICAL SAFETY BOARD, [REDACTED]
[REDACTED]

CASE SUMMARY REPORT

Subject(s)	Location	Other Data
[REDACTED]	[REDACTED]	N/A

COMPLAINT:

On July 16, 2013, the Environmental Protection Agency (EPA), Office of Inspector General (OIG), hotline received an anonymous allegation stating that [REDACTED], [REDACTED], Chemical Safety and Hazard Board (CSB), was soliciting funds to assist [REDACTED], [REDACTED]. According to the complaint, [REDACTED] incurred approximately \$ [REDACTED] in private legal fees related to representation [REDACTED] received concerning [REDACTED]. [REDACTED] allegedly solicited funds for [REDACTED] legal defense from subordinate CSB employees. Additionally, it was alleged that the CSB employees who made contributions to [REDACTED] legal defense received favorable treatment from [REDACTED].

INVESTIGATIVE FINDINGS:

The allegation that [REDACTED] solicited subordinate CSB employees to contribute money in order to assist [REDACTED] with [REDACTED] private legal expenses is not supported. Specifically, the Office of Investigations interviewed [REDACTED], reviewed [REDACTED] emails, and interviewed [REDACTED] subordinate employees. The totality of evidence collected did not support the allegation, nor did it support the secondary allegation that [REDACTED] gave favorable treatment to employees who provided donations.

Although [REDACTED] stated [REDACTED] did not solicit funds on behalf of [REDACTED] legal fund, [REDACTED].

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REFERRAL:

On [REDACTED] 2016, the issue concerning [REDACTED]
[REDACTED] was referred to [REDACTED], Office of General Counsel,
CSB for appropriate administrative investigative review and action.

RECOMMENDATION:

The above-referenced case is closed with no further action.



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**

1200 Pennsylvania Ave., NW
Washington, DC 20004

DATE: February 18, 2016

PREPARED BY: Special Agent [REDACTED]

CASE #: OI-WI-2016-CFR-0037

CROSS REFERENCE #:

TITLE: KENTUCKY DEPARTMENT OF ENVIRONMENTAL PROTECTION (KDEP)

CASE CLOSING REPORT

Subject(s)	Location	Other Data
KDEP	300 Fair Oaks Lane, Frankfort KY 40601	

ALLEGATION: On December 2, 2015, Special Agent [REDACTED], EPA Office of Inspector General (OIG), Office of Investigations, [REDACTED], received information from [REDACTED], U.S. Dept. of Justice, Environmental Crimes Division, Washington DC., concerning the enforcement actions taken by the Kentucky Department of Environmental Protection (KDEP). [REDACTED] provided a recent civil court action filed in the Commonwealth of Kentucky, Franklin Circuit Court, Judge Phillip J. Shepherd presiding. The civil suit brought against Frasure Creek Mining, and the decision reached by Judge Shepherd upon conclusion of the case brings KDEP's enforcement of Clean Water Act permits into question. KDEP's enforcement responsibilities are delegated by, and funded through the US EPA, in the form of grants awarded to Kentucky. In the conclusion reached in the civil matter, it was noted that of the 2200 general coal permits, KDEP does not know how many outfalls are associated with those permits and are required to have Discharge Monitoring Reports filed quarterly. KDEP does not maintain a listing of those outfalls. Without the knowledge of outfalls, KDEP cannot know the numbers of Discharge Monitoring Reports it should receive in a quarter, or whether a permit holder has failed to submit the required reports. [REDACTED] states in [REDACTED] email that KDEP uses the excuse of poverty as a reason for its inability to effectively monitor Clean Water Act permits.

Based on the information provided above, (b) (5) [REDACTED]

[REDACTED] this matter was referred to the EPA Hotline and was issued number 2016-0048 for tracking purposes.

FINDINGS: None

DISPOSITION: Based on the determination reached by EPA OIG Deputy Inspector General, this investigation will be transferred to the EPA OIG Office of Program Evaluation. The EPA OIG Deputy Inspector General opined (b) (5), (b) (6), (b) (7)(C) [REDACTED]

[REDACTED] the matter be closed and transferred.

RESTRICTED INFORMATION

All case information will be sent to the EPA OIG Office of Program Evaluation for their review and disposition. This investigation is closed.



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**

75 Hawthorne Street, 7th Floor
San Francisco, CA 94105

DATE: October 9, 2015

PREPARED BY: Special [REDACTED]
[REDACTED]

CASE #: OI-SA-2011-CFR-2861

CROSS REFERENCE #:

TITLE: LEAD REMEDIATION ASSOCIATION OF AMERICA (LRAA)

CASE CLOSING REPORT

Subject(s)	Location	Other Data
Lead Remediation Association of America	137 Josiah Avenue San Francisco, CA 94112	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	

VIOLATIONS: 18 USC SEC 286 Conspiracy to defraud the government
18 USC SEC 641 Embezzlement and theft of public money

ALLEGATION: This investigation was initiated based on a referral from the EPA's Office of Grants and Debarment (OGD). The referral described problems located during a desk review of EPA grantee Lead Remediation Associates of America (LRAA). These included a lack of internal controls, missing progress reports, project results not being achieved, and a lack of adequate documentation. Additionally multiple suspect expenditures and purchases appeared to have been made with EPA grant funds.

FINDINGS: On September 5, 2007, EPA awarded grant number AB83363501 to the LRAA in the amount of \$249,988 to support the San Francisco Bay Area Lead Safe Work Practices Initiative. The scope of the grant included providing training workshops for contractors, property owners, and day laborers; producing and distributing 3,750 DVDs covering lead safety FAQs and informational updates; and distributing various educational brochures and fact sheets.

This office could not substantiate whether or not individuals were being trained in accordance with the grant due to the lack of documentation by LRAA. Also, some of the work performed by LRAA was not considered an acceptable deliverable by EPA standards. However, LRAA did

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completed some of the tasks on the grant, albeit not to the standards EPA had hoped for. EPA did not make these standards clear in the grant agreement.

Through a review of bank records, the investigation revealed EPA grant funds were used for personal use, such as meals and entertainment. Most, if not all, of the funds used for personal use were reimbursed.

DISPOSITION: This investigation was presented to the United States Attorney's Office (USAO) Northern District of California, Criminal Division. The USAO declined prosecution sighting (b) (5) [REDACTED].

A Civil Assistant United States Attorney, USAO, Northern District of California, was consulted. (b) (5) [REDACTED] it was advised that the matter would not be accepted.

A referral was made to EPA OIG Forensic Audits. The results of the audit are pending.

This investigation was presented to EPA, Suspension and Debarment. After a discussion the investigation was declined citing (b) (5), (b) (6), (b) (7)(C) [REDACTED]

No further investigative activity is warranted and it is recommended this investigation be closed.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
109 TW ALEXANDER DRIVE
RESEARCH TRIANGLE PARK, NC 27711

CASE #: OI-RTP-2014-CFR-0062

CROSS REFERENCE #: OI-
RTP-2014-CFR-0045

TITLE: DUKE ENERGY CAROLINAS, LLC (ET. AL.)

PREPARED BY: SA [REDACTED]

SHORT-FORM REPORT OF INVESTIGATION

PERIOD COVERED: FROM 03/20/2014 TO 09/12/2016

STATUS OF CASE: CLOSED INVESTIGATION

JOINT AGENCIES: Internal Revenue Service Office of Criminal Investigations, North Carolina State Bureau of Investigations, Environmental Protection Agency Criminal Investigations Division, Federal Bureau of Investigations

PREDICATION: On February 10, 2014 Special Agent [REDACTED] Environmental Protection Agency (EPA), Office of the Inspector General (OIG), Office of Investigations (OI), Research Triangle Park, NC attended a conference call hosted by the United States Attorney's Office (USAO), Eastern District of North Carolina. The call was in reference to the Duke Energy coal ash release reported on February 3, 2014. In attendance were representatives from the USAO, EPA Criminal Investigative Division, and the North Carolina State Bureau of Investigation. Reporting Agent (RA) initially opened this case as a proactive investigation, but has since converted it to a case.

The call detailed several aspects of the spill and an interest by the USAO to open a criminal investigation into several matters. As background, an underground storm water drainage pipe burst, which released a quantity of stored coal ash into the Dan River, located in Eden, NC. The first issue is a tip that was sent in which indicated that Duke Energy was slow to report the spill. According to EPA CID, Duke has 24 hours from identification of the spill to report it to the North Carolina Department of Environment and Natural Resources (DENR). Duke indicated it was aware of the spill on February 2, 2014 at approximately 4:45pm and reported the incident at approximately 8:00am the following day; within the 24-hour timeframe. Allegations are that Duke Energy knew prior to the date they indicated they became aware, which would violate the 24-hour timeframe. The second issue is allegations that DENR is not taking the issue seriously and may have let Duke Energy off easily, possibly taking monies or bribes as payment. DENR

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receives a substantial amount of money from the EPA, which indicates this complaint was a Program Integrity issue, and should be investigated further.

The program integrity allegation had an unknown subject throughout the investigation. However, the Task Force identified and investigated the following subjects who were ultimately charged: Duke Energy Business Services LLC, Duke Energy Carolinas LLC and Duke Energy Progress Inc.

DETAILS: The investigation included reviewing hundreds of thousands of documents subpoenaed or provided by NCDENR. Additionally, each member of the task force interviewed a substantial number of people as part of the investigation. The individual Agents involved uploaded all document reviews as well as report of interviews into the Department of Justice database.

Allegations

33 USC 1311, 1319 and 1342 – Water pollution prevention and control
18 USC 2 - Aiding and Abetting

Allegations Findings

Duke Energy Progress Inc.

<u>Title &</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
	Docket No. 5:15-CR-67-H-3		
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	December 30, 2014	1 & 2
33 USC §§ 1319, 1342 and 18 USC § 2	Failure to Maintain Treatment System Equipment and Related Appurtenances, and Aiding and Abetting	January 24, 2014	5 & 6

Duke Energy Progress, Inc pleaded guilty to the listed offences and given the following punishment:

- 1) Probation - 5 years. This term consists of 5 years on Count 1 of Docket No. 5:15-CR-62-H-1, 5 years on Counts 1 through 6 of Docket No. 5:15-CR-67-H-1, and 5 years on Counts 1 and 2 of Docket No. 5:15-CR-68-H-1, all such terms to run concurrently.
- 2) Criminal Monetary Penalties - \$500.00 assessment and a \$14,400,000.00 fine.
- 3) Community service payments - \$10,500,000 to the National Fish and Wildlife Foundation and \$5,000,000 to an authorized wetlands mitigation bank or restoration equivalent.

Duke Energy Carolinas

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
	Docket No. 5:15-CR-67-H-2		
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	February 8, 2014	1
33 USC §§ 1319, 1342, and 18 USC § 2	Failure to Maintain Treatment System Equipment and Related Appurtenances, and Aiding and Abetting	February 2, 2014	2
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	February 21, 2014	3
33 USC §§ 1319, 1342, and 18 USC § 2	Failure to Maintain Treatment System Equipment and Related Appurtenances, and Aiding and Abetting	February 6, 2014	4
	Docket No. 5:15-CR-68-H-2		
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	December 30, 2014	1

Duke Energy Carolinas pleaded guilty to the listed offences and given the following punishment:

- 1) Probation - 5 years. This term consists of 5 years on Count 1 of Docket No. 5:15-CR-62-H-1, 5 years on Counts 1 through 6 of Docket No. 5:15-CR-67-H-1, and 5 years on Counts 1 and 2 of Docket No. 5:15-CR-68-H-1, all such terms to run concurrently.
- 2) Criminal Monetary Penalties - \$625.00 assessment, \$53,600,000 fine and \$216,870.31 restitution.
- 3) Community service payments - \$13,500,000 to the National Fish and Wildlife Foundation and \$5,000,000 to an authorized wetlands mitigation bank or restoration equivalent.

Duke Energy Business Services

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
	Docket No. 5:15-CR-67-H-1		
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	February 8, 2014	1
33 USC §§ 1319, 1342, and 18 USC § 2	Failure to Maintain Treatment System Equipment and Related Appurtenances, and Aiding and Abetting	February 2, 2014	2
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	February 21, 2014	3
33 USC §§ 1319, 1342, and 18 USC § 2	Failure to Maintain Treatment System Equipment and Related Appurtenances, and Aiding and Abetting	February 6, 2014	4
33 USC §§ 1319, 1342 and 18 USC § 2	Failure to Maintain Treatment System Equipment and Related Appurtenances, and Aiding and Abetting	January 24, 2014	5 & 6
	Docket No. 5:15-CR-68-H-1		
33 USC §§ 1311, 1319, 1342, and 18 USC § 2	Negligent Discharge of Pollutants from a Point Source and Aiding and Abetting	December 30, 2014	1 & 2

Duke Energy Business Services pleaded guilty to the listed offences and given the following punishment:

- 1) Probation - 5 years. This term consists of 5 years on Count 1 of Docket No. 5:15-CR-62-H-1, 5 years on Counts 1 through 6 of Docket No. 5:15-CR-67-H-1, and 5 years on Counts 1 and 2 of Docket No. 5:15-CR-68-H-1, all such terms to run concurrently.
- 2) Criminal Monetary Penalties - \$1,125.00 assessment

DISPOSITION:

This investigation is closed and each of the allegations is *supported*.